

## **Ecosystem Services Districts Proposal**

### **9-23-08**

#### Background

The Forest Sector Workgroup on Greenhouse Gas Mitigation (FSWG) wishes to call attention to promising policy ideas that could have significant carbon sequestration and storage benefits, even though undertaken primarily for other parallel purposes and not solely driven by carbon considerations. One such policy idea relates to potential ecosystem service districts.

This proposal addresses the risk of working forest land currently sequestering and storing carbon converting to non-forest land uses including development. Avoiding such conversion is a broadly supported policy objective having numerous benefits to society.

The FSWG is recommending specific policy tools directly related to greenhouse gas emission mitigation that, if implemented, can provide incentives to avoid working forest land conversion. However, because in some cases the non-forest real estate values of working forest lands are so substantial, combinations of incentives may be needed to achieve avoided conversion objectives and secure societal benefits. To provide financial incentives, revenue from sources related to all or most of the resulting societal benefits are most desirable.

#### Proposal

The FSWG recommends attention be given by interested parties in appropriate policy venues to the concept of ecosystem service districts. In an ecosystem service district, beneficiaries of ecosystem services, or their proxies, would be assessed and make payments, or make voluntary payments, to a district entity for specific services provided, and the payments would be passed along to those landowners contractually agreeing to continue to supply such services. Examples may include water and water quality, biodiversity, and scenic quality.

#### Source of Revenue

The participants in an ecosystem services district, and thus the assessed or voluntarily contributing parties providing the revenue, would depend on the geographic extent of particular services. For example, watershed boundaries may be appropriate for water quality or flood control services, while broader jurisdictions would be involved with more broadly beneficial services such as biodiversity. A variety of models should be explored for the precise nature of the assessed or voluntary payment. Research is also needed as to the amount of funding required.

#### Recipients of Payments

The qualifications of landowners eligible to receive payments for ecosystem services would need to be determined. Presumably, the degree of risk of forest land conversion could be a major factor.

#### Services Provided

Considerable additional work is needed to specify more precisely the nature of the services to be provided and the terms of any contract. For example, in a pilot project, responsibilities and limitations of liability regarding the delivery of ecosystem services being provided need to be clearly articulated in a contractual manner between parties receiving the service and those delivering the service. In the case that the concept is implemented at a programmatic scale, the responsibilities and limitations of liability need to be adequately addressed in statute.

#### Institutional Mechanisms

Attention should be paid to the identity or identities of institutional entities that form the ecosystem service districts. Examples of involved entities may include conservation districts or other public utility districts, counties, state agencies, or other entities.